

# Monthly Bulletin

California Department of Business Oversight



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## DBO Announces Appointments

Indira D. McDonald has been appointed by the Governor as DBO Deputy Commissioner for Legislation, effective June 6. Jim Sweeney also has joined the DBO as Special Consultant to the Commissioner. He assumed the post on April 4 and will have a multi-faceted portfolio.

From 2014 until her DBO appointment, Indira served as legislative director for Sen. Tony Mendoza, where she helped him set policy priorities and managed all aspects of his legislative package. She held the same position for Sen. Mark DeSaulnier from 2013-2014. Prior to that job, Indira staffed Sen. DeSaulnier on the Senate Committee on Health and the Senate Select Committee on Small Business and the Underground Economy.



Jim worked for the Legislature for the last five years. He held consultant positions with the Assembly Committee on Accountability and Administrative Review from 2011-12 and the Senate Office of Oversight and Outcomes from 2012-2014. Most recently before coming to the DBO, Jim worked as a consultant to the Assembly Speaker's Office of Research and Analysis. Prior to his government service, Jim worked for 32 years as a journalist, including 14 years covering State government. As special consultant, Jim will assist the Commissioner in a variety of areas, including policy and planning, media relations, speechwriting and legislation.

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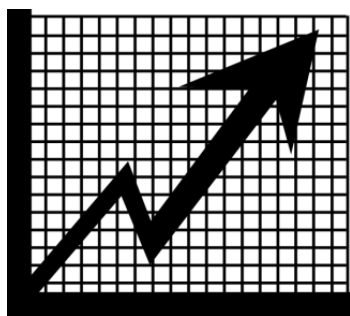
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## Broker-Dealer Finder Exemption: Proposed Regulations Distributed for Public Comment

The DBO on May 17 published for public comment proposed rules related to the new exemption for finders from the broker-dealer requirements of the Corporate Securities Law of 1968. Contained in a Notice of Rulemaking Action filed with the Office of Administrative Law, the proposed rules set forth the requirements for individuals to file for the new exemption. The proposed regulations also provide the forms and procedures to annually renew or withdraw the exemption, and the recordkeeping requirements for finders.

A copy of the Notice, Initial Statement of Reasons and proposed text can be found on the DBO's website [here](#).

The deadline to submit comments is July 15, 2016. Comments may be emailed to [regulations@dbo.ca.gov](mailto:regulations@dbo.ca.gov).



## DBO Encourages Electronic Filing of Local Agency Security Reports

The Commissioner encourages banks and credit unions to reduce paper and mail use by filing their weekly and quarterly local security reports electronically as Excel attachments.

In 2014, legislation was enacted allowing banks and credit unions that hold local agency funds (e.g. city, county, school district, etc.) to transmit their required weekly and quarterly reports of deposited funds via email or other electronic means approved by the Commissioner. Formerly, the law required those reports to be submitted by U.S. mail or delivered in person.

The DBO's Local Agency Security Program developed Excel spreadsheets that can be downloaded from the DBO website, completed and returned as email attachments.

However many banks and credit unions are still sending reports by fax or U.S. mail, or emailing PDFs of the paper reports or the spreadsheets.

If your institution is not using the spreadsheet, download it [here](#). If you have any questions, contact Lisa Huang at [lisa.huang@dbo.ca.gov](mailto:lisa.huang@dbo.ca.gov) or (415) 542-6256, or Karen Cunningham at [karen.cunningham@dbo.ca.gov](mailto:karen.cunningham@dbo.ca.gov) or (916) 322-1547.



## CSBS and MTRA Issue Report on Money Services Businesses (MSBs)

The Conference of State Bank Supervisors (CSBS) and the Money Transmitter Regulators Association (MTRA) on May 24 released a [white paper](#) on the state system for regulating and supervising money services businesses (MSBs).

The white paper outlines the structure of an established state regulatory system for overseeing MSBs focused on consumer protection, safety and soundness, and Bank Secrecy Act and Anti-Money Laundering (BSA/AML) compliance.

MSBs, and especially money transmitters, play an important role in providing financial services to more than one-quarter of U.S. households. At the same time, DBO and other financial regulators are finding that banks may be terminating or denying MSB accounts due to concerns about BSA/AML risks.

The 24-page white paper, titled "[The State of State Money Services Businesses Regulation & Supervision](#)," highlights state financial regulators' history of supervising licensed MSBs, the credentialing that occurs through the licensing process, and the coordinated supervision of MSBs among state and federal agencies.

The white paper also discusses the use of the Nationwide Multistate Licensing System (NMLS) as an effective and adaptive tool for streamlining licensure of MSBs, especially those operating in multiple states.

## SEC Adopts Crowdfunding Rules



New federal rules governing how companies can use crowdfunding to offer and sell securities to the investing public took effect on May 16. The regulations were adopted by the U.S. Securities and Exchange Commission.

Crowdfunding generally refers to a financing method under which money is raised by soliciting small individual investments or contributions from a large number of people. Under the new SEC rules, the general public will have the opportunity to participate in the early capital-raising activities of startup and early-stage companies and businesses.

The SEC's Office of Investor Education and Advocacy issued an Investor Bulletin to educate investors about the new rules.



## DBO Education and Outreach Program

Two of DBO's recently-published consumer education and outreach publications received GOLD awards for excellence from the California State Information Officers Council.

The DBO's "Guard Against Fraud" newspaper insert published in seven languages won in the special publication category. And the "Path to Homeownership" booklet published in three languages won in the brochure category.

The DBO is committed to providing consumers helpful information and resources on a variety of financial topics. Our consumer education materials are designed to help consumers make informed decisions by providing them information about the financial services industry, products and services.

DBO has three flagship programs: mortgage education; senior fraud prevention; and anti-fraud and predatory lending prevention for veterans.

DBO's consumer education materials are available online in multiple languages at <http://www.dbo.ca.gov/Consumers/brochures/default.asp>. Financial institutions and others can request free copies of DBO's publications by emailing [Outreach@dbo.ca.gov](mailto:Outreach@dbo.ca.gov).



## DBO Issues 'Know Your Lender' Consumer Advisory

DBO has issued a [Consumer Advisory](#) to caution California borrowers to learn about lenders before transacting a loan.

The "Know Your Lender" advisory reminds consumers to always check the Licensee Search page on the DBO website to find out if the lender is licensed to do business in California. The advisory also reminds consumers they also can use the website to find out if a lender has been subject to a DBO enforcement action. Complaints against unlicensed lenders are welcome, the advisory notes.

Using a licensed lending company helps protect consumers from poor disclosures, misleading advertising, unlawful terms and excessive rates.



## Governor Issues Executive Order to Continue Water Savings as Drought Persists

Moving to bolster California's climate and drought resilience, the Governor on May 9 issued an executive order that builds on temporary statewide emergency water restrictions to establish longer-term conservation measures. Those measures include permanent monthly water use reporting, new permanent water use standards for communities, and bans on wasteful practices such as hosing off sidewalks, driveways and other hardscapes.



Californians have responded to the call to conserve water during the drought by dialing back sprinklers, replacing lawns, fixing leaky faucets and installing more efficient toilets and washing machines. Between June 2015 and March 2016, California urban water users reduced consumption by 23.9 percent compared with the same months in 2013 – saving enough water to supply 6.5 million Californians for one year.

For more information on the drought and conservation programs, go to [www.ca.gov/drought/](http://www.ca.gov/drought/).

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## **Commercial Bank Activity**

### **Merger**

Coast National Bank, San Luis Obispo, to merge with and into Bank of the Sierra, Porterville

Approved: 5/14/16

ProAmérica Bank, Los Angeles, to merge with and into Pacific Commerce Bank, Los Angeles

Effectuated: 5/20/16

Wilshire Bank, Los Angeles, to merge with and into BBCN Bank, Los Angeles (with a change of name to BANK OF HOPE)

Approved: 5/16/16

### **Conversion to State-Chartered Bank**

First National Bank of Southern California, to convert to state-chartered bank under the name C3 Bank

Filed: 5/16/16

### **Acquisition of Control**

Mohamed Ahmar to acquire control of Partners Bank of California

Filed: 5/26/16

Valley Republic Bancorp to acquire control of Valley Republic Bank

Filed: 5/2/16



**Purchase of Partial Business Unit**

Bank of the Sierra, Porterville, to acquire the Porterville branch of Citizens Business Bank, Ontario  
Approved: 5/9/16

**Credit Union Activity****Merger**

Fiscal Credit Union, Glendale, to merge with and into UNIFY Financial Federal Credit Union, Torrance  
Filed: 5/4/16

Printing Office Employees Credit Union, Covina, to merge with and into Pasadena Service Federal Credit Union, Pasadena  
Filed: 5/20/16

San Gabriel Valley Postal Credit Union, Covina, to merge with and into Credit Union of Southern California, Anaheim  
Approved: 5/1/16  
Effectuated: 5/1/16

United Financial Credit Union, Whittier, to merge with and into Credit Union of Southern California, Whittier  
Filed: 5/17/16

**Money Transmitter Activity****New Money Transmitter**

Pangea USA, LLC  
Approved: 5/9/16

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**JAN LYNN OWEN**

Commissioner of Business Oversight

